

A majority of the light industrial and distribution facilities were developed in close proximity to the market area in excess of 15 years ago. Historically, most light industrial development in Dallas moved in a northward direction along IH-35 (Stemmons Freeway). As the IH-35 corridor became built-out south of the IH-635 loop, development north of the loop, development north of the loop also shifted eastward. Two major factors directed the eastward movement. First, the area's population was concentrated east of IH-35 and along IH-635 in Farmers Branch and portions of Carrollton and Addison. These areas were good sources of labor and offered affordable housing and good schools for employee families. Second, vast portions of land located west of IH-35 in close proximity to the Trinity River were located in a floodplain which was only reclaimed in the early 1980s. During the 1980s, development began west of IH-35E and north of IH-635 in the subject market area.

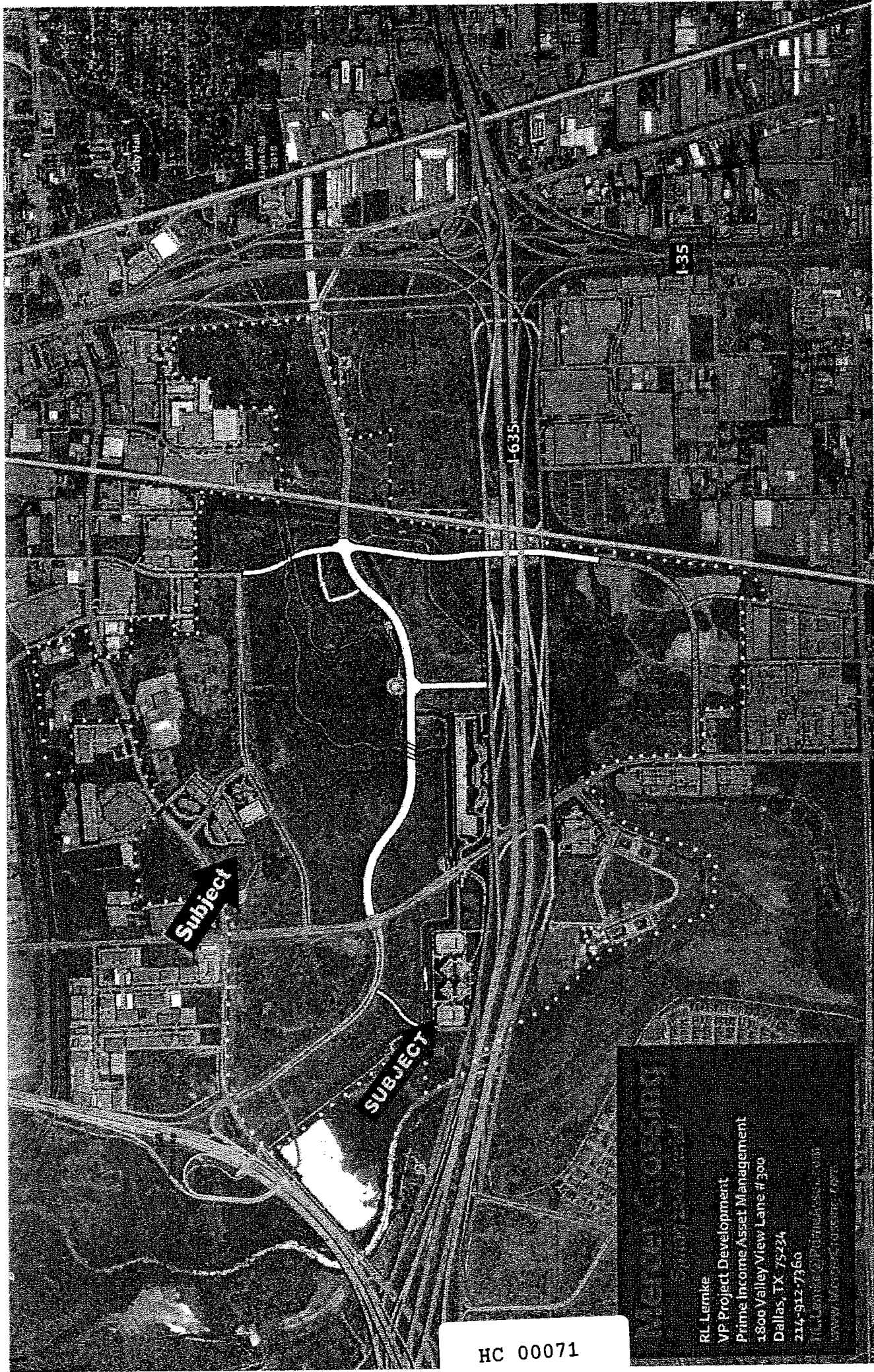
Early developments were centered around market oriented industry, or industries which sell products directly to consumers. Good examples of this trend are the large furniture distribution centers located just north of IH-635. As Dallas' role increased as being a major distribution hub for the southern five-state area of Texas, Oklahoma, New Mexico, Louisiana and Arkansas, more growth was stimulated within the trade area. Once again, favorable factors included a rapidly increasing population or work force and affordable housing.

The market area encompasses an industrial district known as Valwood, one of the metroplex's premier industrial parks.

Of major significance to the market area is Mercer Crossing, a 1,000+ acre mixed-use development located primarily in the city of Farmers Branch (also in Dallas, Carrollton and Irving) at the crossroads of I-35, I-635 (LBJ Freeway) and the soon-to-be-completed (in 2006) President George Bush Turnpike. Mercer Crossing offers primarily office, retail, hotel and residential sites. A conceptual master plan for Mercer Crossing is found on the following page. Subject is within Mercer Crossing.

Public Services

Public services are provided primarily by the cities of Carrollton and Farmers Branch. Roads are typical of areas throughout the Dallas metroplex. Police and fire protection available from Carrollton and Farmers Branch is adequate and typical. The Carrollton/Farmers Branch Independent School District provides a full range of educational services. Electricity is supplied TXU Electric and gas is furnished by TXU Gas. All of these public services and utilities are supplied at rates that are competitive with similar areas in the Dallas metroplex. The part of the market area in which the subject is located is under the taxing jurisdiction of the City of Farms Branch, Dallas County and the Carrollton/-Farmers Branch Independent School District.



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Factors Affecting Change

The market area's location in relation to major transportation systems, D/FW Airport and the Dallas CBD are considered positive influences on the continuing desirability of the area as a major warehousing/distribution center. Proximity and access to major metropolitan areas with a ready supply of raw and semi-finished materials is excellent. Similarly, the supply of available labor is greatly expanded by the location of the market area/district in relationship to these metropolitan areas and the network of transportation arteries leading to the district from these areas. Distribution of materials to and from the district is also excellent due to the access to major highways, rail service and a major airport. All of these factors, along with remaining vacant land, would indicate continued development of the area as dictated by demand.

Conclusion

As noted previously in the city analysis section of this report, the cities of Carrollton/Farmers Branch offer a diverse employment base, sufficient utility area's transport facilities, diverse economic base and growing population base are favorable factors and are sufficient to support market, transportation and labor oriented industry.

ZONING AND LAND-USE LIMITATIONS ANALYSES

Each of the three subject properties has a different zoning designation. We will discuss each one separately in the following.

Fenton Centre

Subject's Fenton Centre property currently has a zoning of PD 78-Planned Development District 78 as designated by the City of Farmers Branch.

A synopsis of pertinent data for the subject's Fenton Centre property zoning is as follows:

Maximum Lot Coverage:	50%
Maximum Density:	N/A
Maximum Building Height:	None
Minimum Front Yard:	50 feet
Minimum Side Yard:	None
Minimum Rear Yard:	None
Parking Requirements:	One space for each 1,000 square feet of gross floor area used for warehousing and distribution; one space for each 500 square feet of gross floor area used for production and manufacturing; and one space for each 300 square feet of gross floor area used for office.
Permitted Uses:	Permitted uses include office, retail and hotel/motel.

The existing subject improvements appear to be in compliance with the requirements and standards of existing zoning regulations.

1700 Valley View Lane

Subject's 1700 Valley View Lane property currently has a zoning of PD 88 (Planned Development District 88). In addition, this tract is located within the Mercer Crossing Code which was designed to foster a setting for economic growth and diverse urban neighborhoods in a sustainable mixed-use pattern. The Mercer Crossing Code is organized around three general development districts: The urban center, the urban center reserve and the commerce district. This tract lies within the commerce district. The commerce district has more flexible development standards.

A synopsis of pertinent data for the subject's 1700 Valley View zoning is as follows:

Maximum Lot Coverage:	None
Floor-Area Ratio:	1:1
Maximum Building Height:	None
Minimum Front Yard:	30 feet on major thoroughfares; 25 feet on secondary streets.
Minimum Side Yard:	5 feet
Minimum Rear Yard:	None
Parking Requirements:	Varies according to use.
Permitted Uses:	Commercial uses range from small, single lot, one-story, single-use projects (such as stand alone office or retail buildings, including "big box" retail) to large, multi-site, multi-story mixed-use developments, shopping centers, business parks or corporate campuses.

2021 Valley View Lane

Subject's 2021 Valley View Lane property currently has a zoning of PD 77 (Planned Development District 77) as designated by the City of Farmers Branch.

A synopsis of pertinent data for the subject's zoning is as follows:

Maximum Lot Coverage:	50%
Maximum Density:	N/A
Maximum Building Height:	None

Three Properties in Farmers Branch

Presentation of Data

Minimum Front Yard: 50 feet

Minimum Side Yard: None

Minimum Rear Yard: None

Parking Requirements: One space for each 1,000 square feet of gross floor area used for warehousing and distribution; one space for each 500 square feet of gross floor area used for production and manufacturing; and one space for each 300 square feet of gross floor area used for office.

Permitted Uses: Permitted uses include office, retail, hotel/motel, light manufacturing and industrial.

The subject improvements on this tract are in compliance with the requirements and standards of existing zoning regulations.

TAX AND ASSESSMENT ANALYSIS

The subject properties fall under the taxing jurisdiction of the City of Farmers Branch, Dallas County (including Dallas County Community College and Parkland Hospital), the Valwood Improvement Authority and the Carrollton-Farmers Branch Independent School District (ISD).

Because assessed value is typically the result of a mass appraisal process based more on statistical probability than individual property characteristics, it should be noted that there is frequently a difference between assessed value and market value for an individual property.

The tax rate for 2010, per \$100 of assessed valuation, for each taxing entity is as follows:

Entity	Tax Rate
City of Farmers Branch	\$0.52950
Dallas County	0.62333
Carrollton-Farmers Branch ISD	1.34690
Valwood Improvement Authority	0.30750
Total	\$2.80723

The certified 2010 assessment for the subject properties is as follows:

"Fenton Centre" Tract

Subject Property	Tax Account Number	Land	2010 Certified Assessed Value	
			Improvements	Total
Fenton Centre I	24144600010040000	\$1,232,920	\$24,976,080	\$26,209,000
Fenton Centre II	24144600010030000	1,531,470	24,493,530	26,025,000
Fenton Centre I & II	Total	\$2,764,390	\$49,469,610	\$52,234,000
Excess Land	24144600010020000	818,930	0	818,930
Common Area Land	24144600010010000	100	0	100

In order to test the reasonableness of the current assessment for subject's Fenton Centre I & II office buildings, we will compare its assessed value/SF to other similar properties. The certified assessed values for 2010 for the subject and three similar properties are shown in the chart on the following page.

Three Properties in Farmers Branch

Presentation of Data

Property	Year Built	GBA*	2010 Assessed Value	Value /SF
1603-1605 LBJ Freeway	1984	206,114	\$17,263,000	\$83.75
11701 Luna Road	1998	188,816	12,200,000	64.61
1800 Valley View Lane	1998	97,361	10,530,000	108.15
Fenton Centre I & II	1985, 1988	740,413	\$52,234,000	\$70.55
*Based on gross areas per Appraisal District				

The 2010 assessed value/SF of the subject's Fenton Centre office building is within the range indicated by the comparables. However, it is higher than our current opinion of as is value. A prudent owner/investor would challenge its current assessment.

Based upon the 2010 assessment and tax rates, real estate taxes for **Fenton Center**, are calculated to be **\$1,466,329 (\$2.11/SF)**.

In addition, the taxes for subject's **4.70-acre excess land** parcel (based on its current assessment) are calculated to be **\$22,989** and taxes for the **common area land** tract are calculated to be **\$2.81**.

1700 Valley View Lane

The certified 2010 assessed value for subject's "1700 Valley View" tract is as follows:

Account No.	Size (Acres)	2010 Certified Assessed Value
241685900A0010000	6.638	\$659,290
*Per Dallas Central Appraisal District.		

Based on the 2010 certified assessed value and 2010 tax rate, taxes for subject's "1700 Valley View" tract are calculated to be **\$18,508**.

2021 Valley View Lane

		2010 Certified Assessed Value	
Tax Account Number	Land	Improvements	Total
24105510000010000	\$1,241,110	\$526,890	\$1,768,000

In order to test the reasonableness of the current assessment for the industrial building on this tract, we will compare its assessed value/SF to other similar properties. The certified assessed values for 2010 for the subject and three similar properties are shown on the following page.

Property	Year Built	GBA*	2010 Assessed Value	Value /SF
1601 Valley View Lane	1979, 1994	191,520	\$4,979,520	\$26.00
2115 Valley View Lane	1977	260,080	7,234,340	27.82
1401-1407 Dunn Drive	1981	100,080	1,700,000	16.87
2021 Valley View Lane	1972	177,805	\$1,768,000	\$9.94
*Based on gross areas per Appraisal District				

The 2010 assessed value/SF of the subject's 2021 Valley View tract is below the range indicated by the comparables. This is reasonable considering that it is our opinion that the subject improvements are not economically feasible and should be demolished. Thus, real estate taxes for subject's **2021 Valley View Lane** property, based on the assessed value and 2010 tax rate are **\$49,632 (\$0.28/SF)**.

SITE ANALYSES

In total, the subject property contains six parcels of land generally located at LBJ Freeway and Luna Road in Farmers Branch, Dallas County, Texas. The client has divided these six parcels into three groups (Fenton Centre, 1700 Valley View Lane and 2021 Valley View Lane). Essentially, the Fenton Centre property contains four, contiguous parcels and the other two tracts contain one parcel each.

For ease of reading, we will first discuss the characteristics that are common to all three subject tracts. Subsequently, we will discuss the major differentiating features.

Common Characteristics of Subjects' Tracts

Access: Average

Visibility: Average

Topography: The topography of the subject sites are generally level to gently rolling.

Floodplain: Flood insurance rate map, community panel number 48113C0170J, dated August 23, 1001, published by the Federal Emergency Management Agency (found in the Addenda) indicate that the 1700 Valley View and the 2021 Valley View tracts do not lie within the 100-year floodplain. Subject's Fenton Centre primary tract, however, lies within Zone X – this area is protected from the 100-year flood by levee, dikes, or other structure subject to failure or overtopping during larger floods. In addition, the western portion of the "common area" land tract is located in the floodplain. However, since this is common area and will not be built upon, this is not considered a negative influence.

Utilities: All utilities are available and in adequate supply.

Soil Analysis: No soil analysis has been provided. A viewing of the site did not reveal any apparent evidence of unstable soil. However, such a determination lies beyond the expertise of the appraiser and outside the scope of this appraisal assignment. Such a determination should be made by a qualified professional.

Easements: No known adverse encumbrances are noted. This appraisal assumes typical building line setbacks, drainage easements, utility easements, fire lane and access easements. Although it is possible that other easements exist, our appraised value assumes that any other easements that may encumber the site would not be detrimental to the utility or marketability of the subject sites.

Hazardous Substances: The appraiser did not observe the existence of hazardous material, which may or may not be present in or on the property. The appraiser, however, is not trained to detect these substances. A qualified professional in the field should be consulted if the presence of hazardous substances is suspected.

Individual Characteristics of Subject Tracts

Fenton Centre Tract

As mentioned previously, the Fenton Centre property contains four, contiguous tracts of land located at the northwest corner of LBJ Freeway and Luna Road. Two of these tracts (known as Tracts 2 and 3 per the legal description) support the Fenton Centre office building improvements, one tract (known as Tract 1 per the legal description) is considered excess land and the remaining tract (known as Tract 4 per the legal description) is essentially the "common area" of the development. The individual tracts that comprise the subject's Fenton Centre property are described in more detail below.

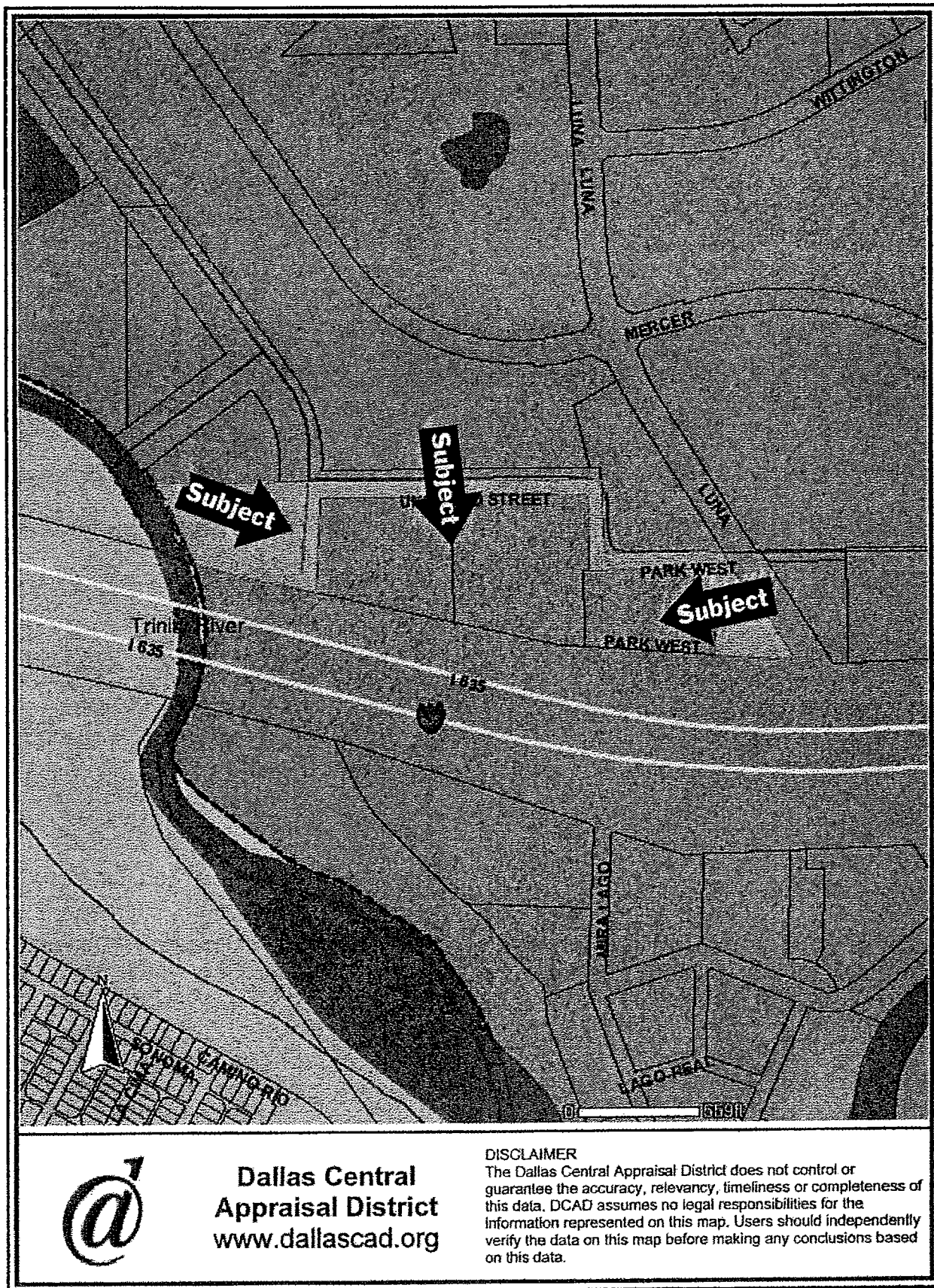
Location:

Tract 1:	North side of LBJ Freeway, 350 feet west of Luna Road
Tracts 2-3:	North side of LBJ Freeway, 941 feet west of Luna Road
Tract 4:	North side of LBJ Freeway along the west side of Luna Road, the east side of the Trinity River and the north sides of Tracts 1-3. Again, this is essentially the "common area" of the development.

Size:

Tract 1:	4.70 acres
Tracts 2-3:	15.87 acres
Tract 4:	12.47 acres

Shape: Irregular



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Frontage:

Tract 1: 590 feet along the north side of LBJ Freeway

Tracts 2-3: 1,255 feet along the north side of LBJ Freeway

Tract 4: 918 feet along the north side of LBJ Freeway and 573 feet along the west side of Luna Road.

Surrounding Land Usage: Surrounding land uses are as follows:

North: Vacant land
 East: Luna Road/Vacant Land
 South: LBJ Freeway
 West: Vacant land

Conclusion: The previously described physical features make the sites adequately suited for development with its legally permitted uses. There are no detrimental influences that impact negatively on the subject sites.

1700 Valley View Lane

Subject's 1700 Valley View Lane site contains one tract of land located along the south side of Valley View Lane, 308 feet east of Luna Road. The individual features of this tract are described in more detail below.

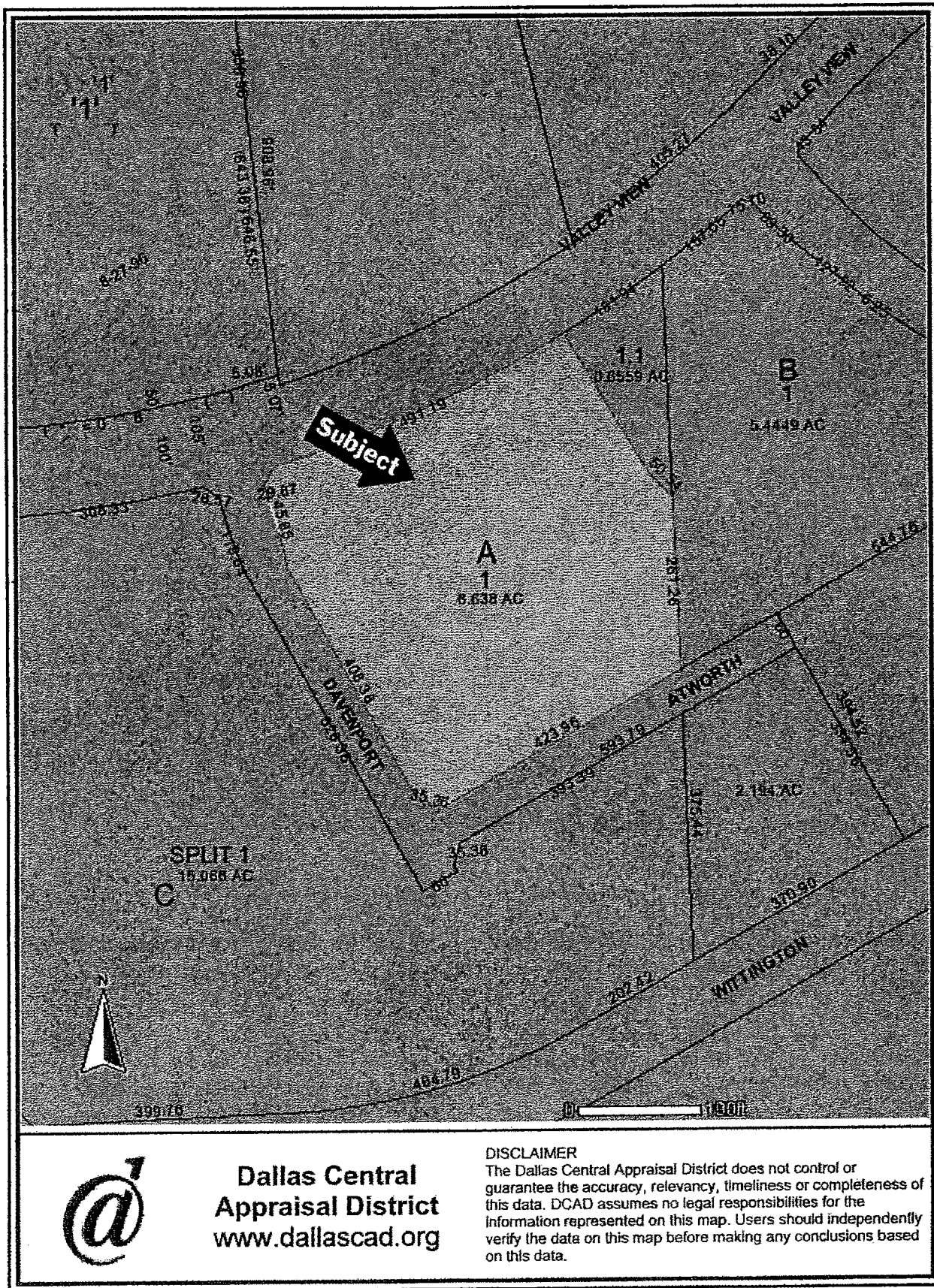
Location: South side of Valley View Lane, 308 feet east of Luna Road. Tract is located within the Mercer Crossing planned development.

Size: 6.638 acres (289,139 square feet)

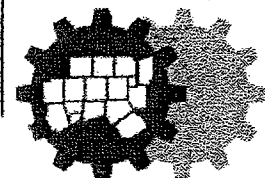
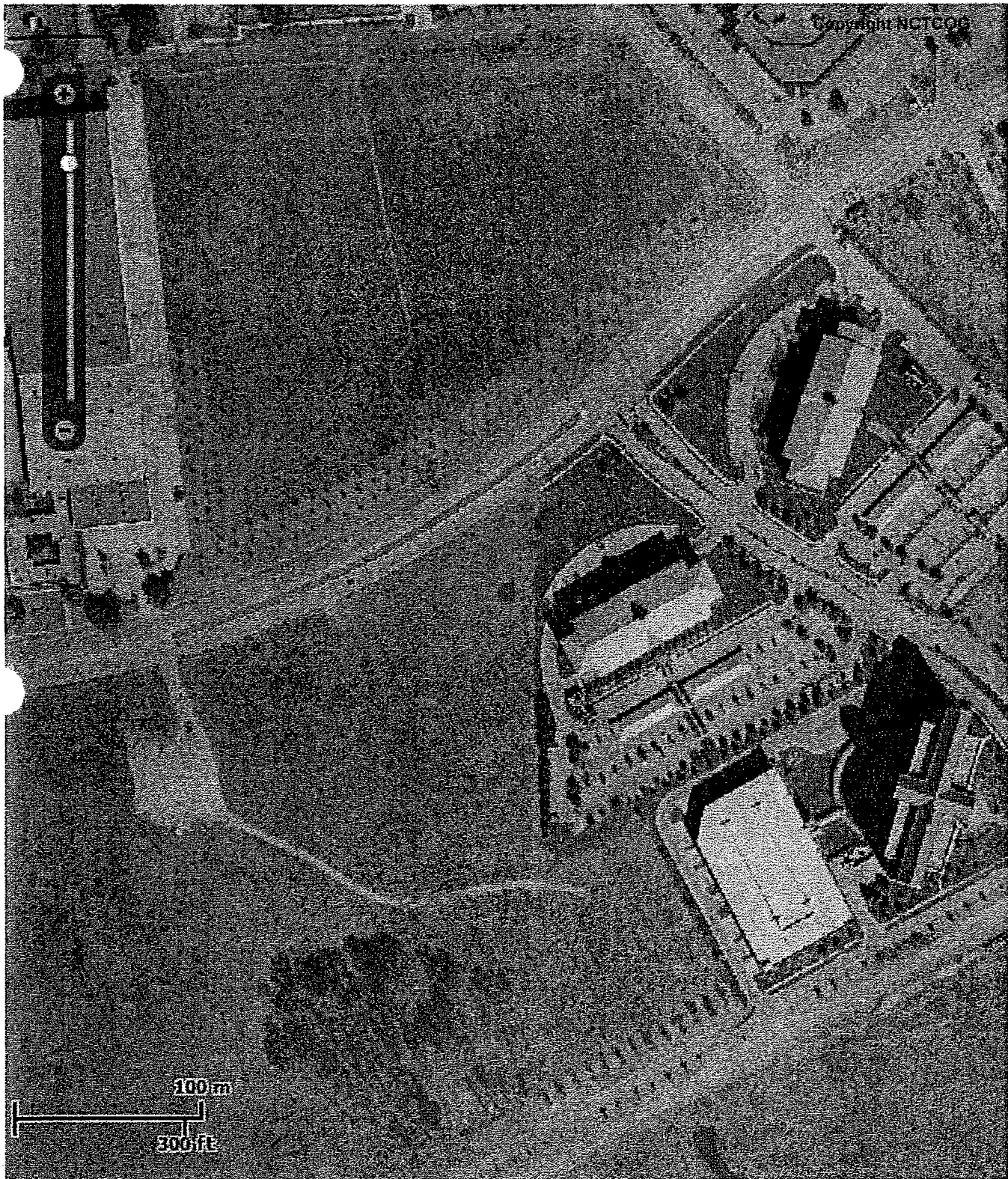
Shape: Irregular

Frontage: 493 feet on Valley View Lane

Floodplain: Flood insurance rate map, community panel number 48113C0170J, dated August 23, 1001, published by the Federal Emergency Management Agency indicates that a small portion of the tract located along its southern boundary is located with the floodplain. However, given the small amount of land and its location along the perimeter of the site, this is not considered to be a negative influence.



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North Central Texas
Council of Governments

1700 Valley View Lane

DFWMaps.com

<http://www.dfwmaps.com/#>

DISCLAIMER

This data has been compiled for NCTCOG. Various official and unofficial sources were used to gather this information. Every effort was made to ensure the accuracy of this data, however, no guarantee is given or implied as to the accuracy of said data.



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